



**CITIZENS BOND REVIEW COMMISSION
HUMAN RESOURCES BUILDING, PINNACLE ROOM
7575 E. MAIN STREET
SCOTTSDALE, ARIZONA 85251
THURSDAY, JANUARY 9, 2003**

REGULAR MEETING MINUTES

PRESENT: Steven Sagert, Vice Chairman
Larry Beckner
James Britt
Thomas Lanin
William Magoon
Gregg Maxon
Lee Tannenbaum
William Welch
Sam West

ABSENT: Lisa Samuel (excused)
Eric Schechter
Sue Sisley
Monyette Dunlap-Green

STAFF: Clark Clifford
Roger Klingler
Al Dreska
Art Rullo
Jeff Nichols

CALL TO ORDER

Vice Chairman Sagert called the regular meeting of the Scottsdale Citizens Bond Review Commission to order at 5:10 p.m. The presence of a quorum was noted.

MINUTES APPROVAL

On motion made by Commissioner Lanin and seconded by Commissioner Welch, the minutes of the October 3, 2002 meeting were approved. The motion passed unanimously.

NEW BUSINESS

A. ELECTION OF OFFICERS

Vice Chairman Sagert advised the Commission that Chairperson Phillips-Garcia had resigned from the Commission as she had moved out of the City. Vice Chairman Sagert called for nominations for the office of Chair. Commissioner Tannenbaum nominated Commissioner Britt for the office of Chair. Commissioner Lanin nominated Vice Chair Sagert for the office of Chair. Vice Chair Sagert was elected to the office of Chair by a vote of five (5) to four (4).

Chairman Elect Sagert called for nominations for the office of Vice Chair. Commissioner Tannenbaum nominated Commissioner Britt for the office of Vice Chair. Commissioner Britt was elected to the office of Vice Chair by a unanimous vote of nine (9) to zero (0).

B. BUDGET PROCESS OVERVIEW

Art Rullo, Budget Director, provided a brief overview to the Commission on the 2003/04-budget calendar and process, with emphasis on the capital improvement budget process. Mr. Rullo explained the broad framework of the five-year plan including capital and operating budgets. He noted that the plan calls attention to the deficit between revenues and expenditures and that the City is attempting to make adjustments in the CIP. He stated that staff had begun with a re-justification of all 300 plus projects in the plan, and was looking at estimates, cost, scope of work, and time frames for the projects. He added that the City is implementing a budget program to review the operating budget in more detail.

Mr. Rullo went on to review the Capital Budget, noting that capital needs within the City change on a daily basis. He advised that two different teams had been assigned to review all of the projects in the CIP, a construction team and a technology team. As a result of that review, staff is now in the process of reassessing the projects. He

explained that they need to look at the operating impact of each project, cash flow, and the bond market. He added that the bond market is very favorable for the issuance of municipal bonds at this time. Mr. Rullo proposed a special meeting of the Commission on March 6, 2003, at which time he would present a detailed plan relative to changes to currently approved Bond 2000 Capital Projects.

Commissioner Tannenbaum referred to the recent ballot initiative and questioned the City Council's fiscal responsibility with regard to that issue.

Mr. Clifford provided further clarification as to the budget process and explained that a wide variety of criteria are used to evaluate the projects. He mentioned impact to citizen feasibility and impact across jurisdictions as several examples. Mr. Klingler added that operating costs are a critical issue in the evaluation process.

Commissioner West requested staff to provide the Commission with the rationale used in the prioritization of the projects at the March 6 meeting. He also inquired as to a possible reduction in State revenue sharing with cities.

Mr. Clifford explained the relationships among Federal and State income taxes, sales tax for the City and the kinetics of the time line in affecting revenues for the City. He described the economic situation as one of the worst seen in many years. He added that a bad situation has been made worse by the terrorist attacks and the resultant decrease in tourist activity in Arizona.

C. UPDATE ON BOND 2000 CAPITAL IMPROVEMENT PROGRAM

Mr. Dreska distributed copies of the Bond 2000 Active Project Status Report. He reviewed each of the projects and responded to Commissioner's questions. He indicated that the Commissioners would receive the report with their packets in the future. Mr. Dreska also referred to earlier requests from the Commission for enhanced readability of the report. He expressed his apologies, but noted that the software used to produce the report was a large data base program and not well suited for a polished report. He assured the Commissioners that he would procure additional software for the report if they so desired.

Mr. Dreska called attention to the detailed information for the individual projects and noted that a project budget and inception to date figure

were shown. He explained that the inception to date is important as it represents the allocated budget if the City is doing multiple phases or more than one project from a single project account.

Mr. Dreska responded to Commissioner's questions regarding individual projects. Discussion ensued as to the Scottsdale Road Preservation and Streetscape Enhancement Project. Commissioner Beckner recalled that the funds were to be expended for a more comprehensive program than desert preservation and beautification. He inquired as to whether the funds could be utilized more specifically for street improvements. Mr. Klingler referred to the information pamphlet for the ballot issue. Mr. Clifford produced the actual ballot language, which stated that the bonding was to be used "to acquire, preserve, and restore desert lands along Scottsdale Road." It was noted that there was a discrepancy between the language in the information pamphlet and the actual ballot. It was the consensus of the Commission that this was not acceptable. Chair Sagert directed staff to research the issue and address it further at the March 6 meeting. Commissioner Lanin noted the importance of reaffirming that the Commission would continue to address the needs of both North and South Scottsdale on an equal basis.

Commissioner Beckner asked if the Bond Commission had the authority to recommend broader use of the Scottsdale Road funds, and if the Council would have the power to approve such a recommendation. Commissioner West also noted that his recollection of the Task Force Study on the Scottsdale Road issue was that portions of the funds were to be used for streetscape, lighting, and general street improvements, as opposed to simply desert preservation.

Mr. Dreska clarified that staff in various departments were working on a program for this specific bond proposition. He added that they are considering the entire length of Scottsdale Road, and are looking at esthetic enhancements, fixtures, streetscapes and street lighting. The acquisition of scenic corridors is also being considered, as are potential improvements to overhead power lines. He referred to the \$1,000,000 per mile budget and noted the obvious limitations imposed by that figure. Commissioner Beckner expressed his desire that legally the funding could apply to all the potential uses mentioned by Mr. Dreska and that discussion could then ensue as to which were the most important uses. Commissioner West concurred and reiterated the necessity for staff clarification of the ballot issue at the March meeting.

A brief discussion also ensued regarding the appropriate scope and chartered authority of the Commission. Mr. Klingler clarified that the Commission makes determination and comments to Council, who then legally appropriates the funding. He read from the statute that "The Bond Review Commission shall receive reports on the progress and implementing the Bond Program, review any project addition or deletion from the Program, and provide such comments to the City Council as the Commission deems appropriate in respect to the Program."

Mr. Clifford stated that he would check with Bond Counsel prior to the March meeting regarding reallocation of funds while remaining within the spirit of the ballot. Mr. Dreska continued his review of the remaining projects.

Commissioner Lanin commented that the purchase of new software to enhance the report would not be a judicious use of funds and that he was amenable to continued use of the current software. Mr. Dreska commented that he would demonstrate the software at the March meeting that he is now using, and could perhaps better explain its limitations

D. PROPOSAL TO HOLD A SPECIAL MEETING THURSDAY, MARCH 6, 2003

Mr. Klingler explained that the special meeting would address proposed changes to currently approved Bond 2000 Capital Projects and would provide sufficient time for the Commission to give its input to City Council.

Commissioner Beckner moved to convene a special meeting of the Citizens Bond Review Commission on March 6, 2003, at 5:00 p.m. in the Pinnacle Room. Second by Commissioner West. The motion passed unanimously.

Commissioner Tannenbaum asked if staff could send an e-mail to those Commissioners not present to advise them of the special meeting date and time, and of its importance.

OPEN CALL TO THE PUBLIC

No public comments were forthcoming.

PRESIDING OFFICER'S SUMMARY OF CURRENT EVENTS

Chairman Sagert commented on the AAA bond rating currently enjoyed by the City of Scottsdale and inquired as to other cities so rated. Mr. Clifford replied that the only two cities west of the Mississippi with an AAA rating are Bellevue, Washington, and Scottsdale.

ADJOURNMENT

With no further business to come before the Commission, being duly moved and seconded, the regular meeting of the Citizens Bond Review Commission was adjourned at 6:55 p.m.

Respectfully submitted,

“For the Record” Reporters